



# ADOPTED

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

#23 NOVEMBER 29, 2011

*Sachi A. Hamai*  
SACHI A. HAMAI  
EXECUTIVE OFFICER

Los Angeles County  
Board of Supervisors

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health care to Los Angeles  
County residents through direct  
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November 29, 2011

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Supervisors:

## APPROVAL OF AMENDMENTS TO THREE DIAGNOSTIC AND THERAPEUTIC AGREEMENTS (5th SUPERVISORIAL DISTRICT) (3 VOTES)

### SUBJECT

Request approval of amendments to three diagnostic and therapeutic service Agreements with various contractors for the High Desert Multi-Service Ambulatory Care Center.

### IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director of Health Services (Director), or his designee, to execute Amendment No. 9 to Agreement No. H-210777 with Lancaster Cardiology Medical Group (Lancaster), Amendment No. 10 to Agreement No. H-210778 with Valley Tumor Radiation Medical Group (Valley Tumor), and Amendment No. 10 to Agreement No. H-210779 with RadNet Management, Inc. (RadNet), effective upon Board approval, to extend the term of each Agreement for the period of January 1, 2012 through June 30, 2012, for the continued provision of diagnostic, therapeutic and nuclear medicine services for patients served by High Desert Multi-Service Ambulatory Care Center (HD MACC), at the same rates of payment for RadNet and Lancaster, but an increase in the contract sum for Valley Tumor due to an increase in patient referrals and adjustments to the Medicare billing rates for specific procedures. The contract sum for each Agreement will be increased during the extended term by \$105,000 for Lancaster, \$141,500 for Valley Tumor, and \$180,000 for RadNet.

### **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Approval of the requested recommendation will allow the Director, or his designee, to execute three Amendments, substantially similar to Exhibits I, II, and III, to extend the term of each Agreement for six months to provide uninterrupted diagnostic and therapeutic services for patients served by HD MACC. The current Agreements are slated to expire on December 31, 2011.

HD MACC needs to ensure the uninterrupted provision of critical contract diagnostic and therapeutic services, including cardiology imaging and testing; nuclear medicine, radiology services and radiation therapy oncology for County-registered patients at Antelope Valley Hospital (AVH).

The rates of payment remain the same during the recommended extension period for Lancaster and RadNet, however the Department is requesting an increase to the maximum contract sum for Valley Tumor due to an increase in the number of radiation therapy oncology patients served by HD MACC and the expansion of services to patient referrals from Olive View-UCLA Medical Center (OV-UCLA MC).

Valley Tumor invoices by individual patient and each invoice generally includes multiple dates of service for the same patient. The increase in the number of procedures, in addition to Medicare increases for the billing for procedures such as intensity modulated radiotherapy plans (IMRT), treatment delivery sessions, 3-D treatment plans and an increase in the overall number of patients creates a need to increase the maximum contract sum for Valley Tumor.

On March 15, 2010, DHS released a Request for Information (RFI) to identify qualified and interested agencies, in addition to the current Contractors, who might provide these services. The responses were due on April 12, 2010. As a result of the number of responses received, the release of separate Requests for Proposal (RFP) for nuclear medicine, cardiology imaging and radiation therapy oncology services was considered initially. However, due to the increase in patient volume, the Department has determined that a Request for Statement of Qualifications (RFSQ) solicitation for a Master Agreement is the best approach to establish a pool of qualified contractors to provide these critical contract services. The RFSQ will recommend qualified agencies for new multi-year Master Agreements with selected contractors for nuclear medicine, cardiology testing/imaging, and radiation therapy oncology.

The extension of the contract terms is necessary to allow the additional time necessary to release the RFSQ and complete the solicitation process to identify and recommend qualified Contractors for successor contracts.

### **Implementation of Strategic Plan Goals**

The recommended action supports Goal 4, Health and Mental Health, of the County's Strategic Plan.

### **FISCAL IMPACT/FINANCING**

The maximum contract sum for each Agreement for diagnostic and therapeutic services for the period January 1, 2012 through June 30, 2012 is \$105,000 for Lancaster, an increase to \$1,102,500; \$141,500 for Valley Tumor, an increase to \$1,017,250 and \$180,000 for RadNet, an increase to \$1,687,500. The contract term extensions bring the final total maximum contract sum for all three Agreements to \$3,807,250. Attachment A provides a detailed breakdown of the costs.

Funding is included in the FY 2011-12 Final Budget and will be requested in future fiscal years as necessary.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The HDHS was established during the conversion of the High Desert Hospital to a Multi-Service Ambulatory Care Center (MACC). With the transition of HDHS from a hospital to a MACC, outpatient visits have increased significantly resulting in an increased demand for certain diagnostic services, including cardiology imaging and radiation therapy oncology services. The current Contractors have been providing the diagnostic and therapeutic services on a specialized basis as follows;

- RadNet provides MRI, nuclear medicine and back-up overflow services for other radiology modalities such as mammography, computed tomography (CT), fluoroscopy and ultrasound;
- Lancaster provides cardiac testing and other radiological tests;
- Valley Tumor provides radiation therapy for oncology patients.

It has been determined that the Agreements are exempt from Proposition A contracting guidelines due to a lack of County staff to adequately perform the diagnostic and therapeutic services and the difficulty in recruiting and retaining qualified personnel to perform diagnostic and therapeutic services in the Antelope Valley (AV) for the period of time the services are needed.

The termination provisions of each Agreement allow for termination immediately for breach or for convenience with a 30-day advance written notice by either party.

All of the latest Board mandated provisions are included in the recommended extension amendment formats including the CEO Risk Management issued revised language of two new sub-paragraphs of Cancellation of Insurance and Failure to Maintain Insurance.

County Counsel has approved Exhibits I, II, and III as to form.

### **CONTRACTING PROCESS**

Not applicable.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Board approval of the recommended actions will ensure the continued provision of critically needed diagnostic and therapeutic patient services at HD MACC and OV-UCLA MC.

The Honorable Board of Supervisors

11/29/2011

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Respectfully submitted,

A handwritten signature in black ink, reading "Mitchell Katz". The signature is written in a cursive, flowing style.

Mitchell H. Katz, M.D.

Director

MHK:ms

Enclosures

c: Chief Executive Office  
County Counsel  
Executive Office, Board of Supervisors

**DIAGNOSTIC AND THERAPEUTIC AGREEMENTS**

## SUMMARY OF FISCAL IMPACT/FINANCING

<u>Contractor</u>	<u>Current Maximum 04/01/07 to 12/31/11</u>	<u>Increase for Amendments 01/01/12 to 06/30/12</u>	<u>Total Contract Maximum 04/01/07 to 06/30/12</u>
Lancaster	\$997,500	\$105,000	\$1,102,500
Valley Tumor	\$875,750	\$141,500	\$1,017,250
RadNet	\$1,507,500	\$180,000	\$1,687,500
<hr/>			
<b>Total</b>	<b>\$3,380,750</b>	<b>\$426,500</b>	<b>\$3,807,250</b>

**DIAGNOSTIC AND THERAPEUTIC SERVICES AGREEMENT**

Amendment No. 9

THIS AMENDMENT is made and entered into this \_\_\_\_\_ day  
of \_\_\_\_\_, 2012,

by and between COUNTY OF LOS ANGELES (hereafter  
"County")

and LANCASTER CARDIOLOGY MEDICAL  
GROUP  
(hereafter "Contractor")

WHEREAS, reference is made to that certain document entitled "DIAGNOSTIC AND THERAPEUTIC SERVICES AGREEMENT", dated March 30, 1999, and further identified as County Agreement No. H-210777, and any amendments thereto (all hereafter referred to as "Agreement"); and

WHEREAS, it is the intent of the parties hereto to extend the term of the Agreement; and

WHEREAS, the Agreement provides that changes may be made in the form of a written Amendment which is formally approved and executed by the parties.

NOW, THEREFORE, the parties agree as follows:

1. This Amendment shall become effective on January 1, 2012.
2. Paragraph 1, TERM AND TERMINATION, of Agreement shall be amended to read as follows:

"1. TERM AND TERMINATION: The term of this Agreement shall commence on April 1, 2007, and shall continue in full force and effect to and including June 30, 2012, unless terminated sooner pursuant to the terms of this Agreement.

Except as otherwise set forth below, this Agreement may be terminated at any time by the County or the Contractor, with or without cause, upon the giving of at least thirty (30) calendar days advance written notice thereof to the other.

County may terminate this Agreement immediately if Contractor, or any of its officers, employees, or agents, including any one or more of its physician affiliates, fail to comply with the terms of this Agreement, or fail to carry out any directions within a reasonable time, by or on behalf of County issued pursuant to this Agreement.

County may also terminate this Agreement immediately if County has reasonable justification to believe that its physician affiliates or its principals, may be engaging in a course of conduct which poses an imminent danger to the life or health of County patients.

County shall provide a written "Notice of Immediate Termination" which shall be effective upon Contractor's receipt of such "Notice of Immediate Termination", or upon the date specified in the Notice, whichever is later.

County's failure to exercise its rights of termination shall not constitute waiver of such rights, and the same may be exercised at any subsequent time."

3. BILLING AND PAYMENT, Paragraph 4, Subsection A., Contract Sum, and Subsection B., Maximum Obligation of County, of the body of the Agreement shall be amended to read as follows:

"A. Contract Sum: The Contract Sum under this Agreement shall be the total monetary amount payable by the County to Contractor for supplying all the tasks, sub-tasks, deliverables, goods, services and other work requested and specified under this Agreement. All work completed by Contractor must be approved in writing by County. If County does not approve work in writing, no payment shall be due to Contractor for that work. The Contract Sum for the period April 1, 2007 through December 31, 2011, including all applicable taxes, authorized by County hereunder shall not exceed Nine Hundred Ninety Seven Thousand, Five Hundred Dollars (\$997,500).

The Contract Sum for the period January 1, 2012 through June 30, 2012, including all applicable taxes, authorized by County hereunder shall not exceed One Hundred Five Thousand Dollars (\$105,000).

B. Maximum Obligation of County: During the term of this Agreement, effective April 1, 2007 through June 30, 2012, the total maximum obligation of

County for Contractor's performance hereunder shall not exceed One Million, One Hundred Two Thousand, Five Hundred Dollars (\$1,102,500)."

4. Paragraph 6, INDEMNIFICATION, INSURANCE AND COVERAGE, of the body of the Agreement shall be amended to add the following:

"M. CANCELLATION OF OR CHANGES TO INSURANCE:

Contractor shall provide County with, or Contractor's insurance policies shall contain a provision that County shall receive written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Contract, in the sole discretion of the County, upon which the County may suspend or terminate this Contract.

N. FAILURE TO MAINTAIN INSURANCE:

Contractor's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Contract, upon which County may immediately withhold payments due to Contractor, and/or suspend or terminate this Contract. County, at its sole discretion, may obtain damages from Contractor resulting from said breach. Alternatively, the County may purchase the Required Insurance, and without further notice to Contractor, deduct the premium cost from sums due to Contractor or pursue Contractor reimbursement."

5. Except for the changes set forth hereinabove, Agreement shall not be changed in any other respect by this Amendment.



IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles has caused this Amendment to be subscribed by its,

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Director of Health Services, and Contractor have caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Mitchell H. Katz, M.D.  
Director of Health Services

LANCASTER CARDIOLOGY  
MEDICAL GROUP  
\_\_\_\_\_  
Contractor

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM:  
BY THE OFFICE OF THE COUNTY COUNSEL

\_\_\_\_\_

**DIAGNOSTIC AND THERAPEUTIC SERVICES AGREEMENT**

Amendment No. 10

THIS AMENDMENT is made and entered into this \_\_\_\_\_ day  
of \_\_\_\_\_, 2012,

by and between                   COUNTY OF LOS ANGELES (hereafter  
  "County")

and                                   VALLEY TUMOR RADIATION MEDICAL GROUP  
   (hereafter "Contractor")

WHEREAS, reference is made to that certain document entitled "DIAGNOSTIC AND THERAPEUTIC SERVICES AGREEMENT", dated March 30, 1999, and further identified as County Agreement No. H-210778, and any amendments thereto (all hereafter referred to as "Agreement"); and

WHEREAS, it is the intent of the parties hereto to extend the term of the Agreement; and

WHEREAS, the Agreement provides that changes may be made in the form of a written Amendment which is formally approved and executed by the parties.

NOW, THEREFORE, the parties agree as follows:

1. This Amendment shall become effective on January 1, 2012.
2. Paragraph 1, TERM AND TERMINATION, of Agreement shall be amended to read as follows:

"1. TERM AND TERMINATION: The term of this Agreement shall commence on April 1, 2007, and shall continue in full force and effect to and including June 30, 2012, unless terminated sooner pursuant to the terms of this Agreement.

Except as otherwise set forth below, this Agreement may be terminated at any time by the County or the Contractor, with or without cause, upon the giving of at least thirty (30) calendar days advance written notice thereof to the other.

County may terminate this Agreement immediately if Contractor, or any of its officers, employees, or agents, including any one or more of its physician affiliates, fail to comply with the terms of this Agreement, or fail to carry out any directions within a reasonable time, by or on behalf of County issued pursuant to this Agreement.

County may also terminate this Agreement immediately if County has reasonable justification to believe that its physician affiliates or its principals, may be engaging in a course of conduct which poses an imminent danger to the life or health of County patients.

County shall provide a written "Notice of Immediate Termination" which shall be effective upon Contractor's receipt of such "Notice of Immediate Termination", or upon the date specified in the Notice, whichever is later.

County's failure to exercise its rights of termination shall not constitute waiver of such rights, and the same may be exercised at any subsequent time."

3. BILLING AND PAYMENT, Paragraph 4, Subsection A., Contract Sum, and Subsection B., Maximum Obligation of County, of the body of the Agreement shall be amended to read as follows:

"A. Contract Sum: The Contract Sum under this Agreement shall be the total monetary amount payable by the County to Contractor for supplying all the tasks, sub-tasks, deliverables, goods, services and other work requested and specified under this Agreement. All work completed by Contractor must be approved in writing by County. If County does not approve work in writing, no payment shall be due to Contractor for that work. The Contract Sum for the period April 1, 2007 through December 31, 2011, including all applicable taxes, authorized by County hereunder shall not exceed Eight Hundred Seventy Five Thousand, Seven Hundred Fifty Dollars (\$875,750).

The Contract Sum for the period January 1, 2012 through June 30, 2012, including all applicable taxes, authorized by County hereunder shall not exceed One Hundred Forty-One Thousand, Five Hundred Dollars (\$141,500).

B. Maximum Obligation of County: During the term of this Agreement, effective April 1, 2007 through June 30, 2012, the maximum obligation of County

for Contractor's performance hereunder shall not exceed One Million, Seventeen Thousand, Two Hundred Fifty Dollars (\$1,017,250)."

4. Paragraph 6, INDEMNIFICATION, INSURANCE AND COVERAGE, of the body of the Agreement shall be amended to add the following:

"M. CANCELLATION OF OR CHANGES TO INSURANCE:

Contractor shall provide County with, or Contractor's insurance policies shall contain a provision that County shall receive written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Contract, in the sole discretion of the County, upon which the County may suspend or terminate this Contract.

N. FAILURE TO MAINTAIN INSURANCE:

Contractor's failure to maintain or to provide acceptable evidence that it maintains the Required Insurance shall constitute a material breach of the Contract, upon which County may immediately withhold payments due to Contractor, and/or suspend or terminate this Contract. County, at its sole discretion, may obtain damages from Contractor resulting from said breach. Alternatively, the County may purchase the Required Insurance, and without further notice to Contractor, deduct the premium cost from sums due to Contractor or pursue Contractor reimbursement."

5. Except for the changes set forth hereinabove, Agreement shall not be changed in any other respect by this Amendment.

IN WITNESS WHEREOF, the Board of Supervisors of the County of Los Angeles  
has caused this Amendment to be subscribed by its,

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Director of Health Services, and Contractor have caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Mitchell H. Katz, M.D.  
Director of Health Services

VALLEY TUMOR RADIATION  
MEDICAL GROUP  
\_\_\_\_\_  
Contractor

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM:  
BY THE OFFICE OF THE COUNTY COUNSEL

\_\_\_\_\_

**DIAGNOSTIC AND THERAPEUTIC SERVICES AGREEMENT**

Amendment No. 10

THIS AMENDMENT is made and entered into this \_\_\_\_\_ day  
of \_\_\_\_\_, 2012,

by and between                      COUNTY OF LOS ANGELES (hereafter  
   "County")  
  
and                                      RADNET MANAGEMENT, INC.  
   (hereafter "Contractor")

WHEREAS, reference is made to that certain document entitled "DIAGNOSTIC AND THERAPEUTIC SERVICES AGREEMENT", dated March 30, 1999, and further identified as County Agreement No. H-210779, and any amendments thereto (all hereafter referred to as "Agreement"); and

WHEREAS, it is the intent of the parties hereto to extend the term of the Agreement; and

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County may terminate this Agreement immediately if Contractor, or any of its officers, employees, or agents, including any one or more of its physician affiliates, fail to comply with the terms of this Agreement, or fail to carry out any directions within a reasonable time, by or on behalf of County issued pursuant to this Agreement.

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The Contract Sum for the period January 1, 2012 through June 30, 2012, including all applicable taxes, authorized by County hereunder shall not exceed One Hundred Eighty Thousand Dollars (\$180,000).

B. Maximum Obligation of County: During the term of this Agreement, effective April 1, 2007 through June 30, 2012, the total maximum obligation of

County for Contractor's performance hereunder shall not exceed One Million, Six Hundred Eighty Seven Thousand, Five Hundred Dollars (\$1,687,500)."

4. Paragraph 6, INDEMNIFICATION, INSURANCE AND COVERAGE, of the body of the Agreement shall be amended to add the following:

"M. CANCELLATION OF OR CHANGES TO INSURANCE:

Contractor shall provide County with, or Contractor's insurance policies shall contain a provision that County shall receive written notice of cancellation or any change in Required Insurance, including insurer, limits of coverage, term of coverage or policy period. The written notice shall be provided to County at least ten (10) days in advance of cancellation for non-payment of premium and thirty (30) days in advance for any other cancellation or policy change. Failure to provide written notice of cancellation or any change in Required Insurance may constitute a material breach of the Contract, in the sole discretion of the County, upon which the County may suspend or terminate this Contract.

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Director of Health Services, and Contractor have caused this Amendment to be subscribed in its behalf by its duly authorized officer, the day, month and year first above written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Mitchell H. Katz, M.D.  
Director of Health Services

\_\_\_\_\_  
RADNET MANAGEMENT, INC.  
Contractor

By \_\_\_\_\_  
Signature

\_\_\_\_\_  
Printed Name

Title \_\_\_\_\_  
(AFFIX CORPORATE SEAL)

APPROVED AS TO FORM:  
BY THE OFFICE OF THE COUNTY COUNSEL

\_\_\_\_\_